

WALNUT VALLEY WATER DISTRICT
271 South Brea Canyon Road
Walnut, California 91789

SPECIAL BOARD MEETING
THURSDAY, APRIL 19, 2018 – 4:00 P.M.
AGENDA

NOTE: To comply with the Americans with Disabilities Act, if you need special assistance to participate in any Board meeting, please contact the General Manager's office at least 4 hours prior to a Board meeting to inform the District of your needs and to determine if accommodation is feasible.

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance, to take action on any item.

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review during regular business hours at the District office, located at 271 S. Brea Canyon Road, Walnut, California.

1. Flag Salute
2. Roll Call: Mr. Ebenkamp_____ Mr. Hilden_____ Ms. Kwong_____ Ms. Lee_____ Dr. Wu_____
3. Public Comment President Ebenkamp
The Presiding Officer may impose reasonable limitations on public comments to assure an orderly and timely meeting.
 - A. **Agenda Items** - Any person desiring to address the Board of Directors on any Agenda item may do so at the time the item is considered on the Agenda by requesting the privilege of doing so at this time and stating the Agenda item to be addressed. At the time the item is discussed, those requesting to speak will be called to do so.
 - B. **Non-Agenda Items** - At this time the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the District. Reasonable time limits on each topic and on each speaker are imposed in accordance with Board policy.
4. Fiscal Year 2018-19 Draft Budget Overview (with attachments)
 - (1) Discussion
 - (2) Action Taken
5. Consider Adoption of Interim Organizational Chart
 - (1) Discussion
 - (2) Action Taken
6. Public Comment on Closed Session
7. Adjourn to Closed Session
8. Closed Session
 - A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION [§54956.9(d)(4)]
Initiation of Litigation – Three Potential Cases
9. Reconvene in Open Session
 - A. Report of Action, if any, Taken in Closed Session

Adjournment

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of Finance
DATE: April 19, 2018
SUBJECT: Fiscal Year 2018-19 Budget Review

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Board review the Proposed FY 2018-19 Budget and provide direction to staff.

Background

The annual budget provides a means that allows the Board to review the ongoing and future objectives of the District and allocate funding based on available resources. The District's priorities and objectives through the proposed expenditures and anticipated revenues are developed prior to the fiscal year. The format will be similar to past budgets in the scope of detail and transparency.

- A. Staff's preparation of the budget is guided by:
- Are the expenses reasonable and consistent with District policies, initiatives, industry standards, customer expectations, and Board of Director's priorities?
 - Will the existing and proposed infrastructure investments provide current and future benefit to our customers and utilize our existing funds wisely?
 - Does the proposed budget remain committed to seeking efficiencies wherever feasible?
 - Does the proposed budget reflect the District's ongoing commitment to water conservation?
- B. Alignment with the priorities of the General Manager's Work Plan.
- C. Additionally,
- The District's proposed FY 2018-19 budget will continue funding our core mission of providing a high quality and reliable water supply with a continued emphasis on a high level of customer service.
 - The District's internal cost-controls are evident in this budget as we continue our long-term efforts to maintain efficiencies in all areas.
 - With a continued focus on water use efficiency, the budget assumes a 15% reduction in water sales/purchases as compared to the 2013 baseline year.
 - The District's budgeted revenues include the proposed increases approved in the District's Proposition 218 notice (effective January 2019).
 - Over the course of the past several years, the District has made a significant investment in alternative water supply projects. The FY 2018-19 budget includes 1,500 acre-feet of water from the PBWA Cal Domestic project.

At the workshop, staff will present an overview of the FY 2018-19 Budget consisting of:

1. Major Expense Categories

- Purchased Water TVMWD's rates and charges
- TVMWD's assessments
- Walnut Valley Water District's Personnel Costs
- Walnut Valley Water District's Operations and Maintenance Costs
- Debt Service

2. Revenue Summary

- Potable Sales
- Recycled Water Sales
- Other/Non-Operating Revenues

Attached: Budget Summaries

WALNUT VALLEY WATER DISTRICT
BUDGET SUMMARY
 FY 2018-19 BUDGET

Department	G/L Classification	2015-16 Budget	2015-16 Actual	2016-17 Budget	2016-17 Actual	2017-18 Budget	2017-18 Projected	2017-18 % Budget	2018-19 Budget	Increase (Decrease)
<u>REVENUES:</u>										
Water Sales - General	4100's	\$28,214,643	\$28,630,164	\$29,643,574	\$30,763,723	\$33,185,712	\$33,811,068	101.88%	\$34,612,805	\$1,427,093
Water Sales - Wholesale	4100's	0	2,987,014	0	1,717,089	0	934,291	0.00%	0	0
Water Sales - Recycled	4100's	1,501,497	1,497,329	1,581,549	1,609,661	1,693,664	1,892,931	111.77%	1,831,319	137,655
Standby By Charges	4400-4955	825,000	820,221	825,000	815,290	825,000	825,000	0.00%	825,000	0
SUBTOTAL OPERATING REVENUES	See Revenues Schedule	30,541,140	33,934,728	32,050,123	34,905,763	35,704,376	37,463,290	104.93%	37,269,124	1,564,748
Hydro Electric Sales	4200's	30,000	(10,000)	30,000	10,534	11,000	20,000	181.82%	30,000	19,000
Other Revenues	4300's	303,800	426,856	303,800	822,351	298,250	400,688	134.35%	302,500	4,250
Non-Operating Revenues	4400's	1,307,500	2,567,509	1,382,500	1,638,083	1,492,500	1,622,880	108.74%	1,564,410	71,910
TOTAL REVENUES		32,182,440	36,919,093	33,766,423	37,376,731	37,506,126	39,506,857	105.33%	39,166,034	1,659,908
<u>EXPENSES:</u>										
Operations	52XX	5,120,041	4,798,937	5,112,259	5,143,913	5,346,570	5,109,709	95.57%	5,578,765	232,195
Engineering	53XX	996,997	877,630	982,495	857,627	922,669	899,453	97.48%	1,115,528	192,859
Finance	54XX	2,442,488	2,291,593	2,530,116	2,399,492	2,589,914	2,173,789	83.93%	2,281,970	(307,944)
GM/Governance	55XX	1,351,945	1,150,020	1,256,606	1,236,660	1,478,847	1,285,390	86.92%	1,251,589	(227,258)
Administrative Services	56XX	2,182,092	1,954,816	2,429,796	2,121,319	2,507,792	2,260,146	90.12%	2,744,742	236,950
General and Administrative	57XX	929,009	873,919	942,888	893,432	1,021,402	1,006,790	98.57%	1,129,150	107,748
SUBTOTAL OPERATING EXPENSES		13,022,572	11,946,914	13,254,160	12,652,443	13,867,194	12,735,277	91.84%	14,101,744	234,550

WALNUT VALLEY WATER DISTRICT
BUDGET SUMMARY
 FY 2018-19 BUDGET

Department	G/L Classification	2015-16 Budget	2015-16 Actual	2016-17 Budget	2016-17 Actual	2017-18 Budget	2017-18 Projected	2017-18 % Budget	2018-19 Budget	Increase (Decrease)
Water Supply & Related Costs	See Water Supply Schedule	15,514,316	18,524,385	16,125,642	19,224,468	18,845,757	20,705,660	109.87%	19,488,770	643,013
SUBTOTAL OPERATING & WATER		28,536,888	30,471,299	29,379,802	31,876,911	32,712,951	33,440,937	102.23%	33,590,514	877,563
Long Term Debt	6900's	1,234,350	1,234,350	1,232,750	1,232,750	1,230,550	1,230,550	100.00%	1,234,500	3,950
TOTAL OPERATING, WATER, LT DEBT		29,771,238	31,705,649	30,612,552	33,109,661	33,943,501	34,671,487	102.14%	34,825,014	881,513
OPERATING SURPLUS (DEFICIT)		\$2,411,202	\$5,213,444	\$3,153,871	\$4,267,070	\$3,562,625	\$4,835,370	135.72%	\$4,341,020	\$778,395
Stored Water									790,500	
Employee Liability									(350,000)	
RESERVE FUNDING PROGRAM									\$4,781,520	

Actual and Budget amounts do not reflect non cash items such as amortization of bond issuance costs and PERS. Additionally, capital contributions and revenues related to the restricted funds have also been excluded.

WALNUT VALLEY WATER DISTRICT
OPERATING REVENUES (4100)
FY 2018-19 BUDGET DETAIL

Account Number	Description	2015-16 Budget	2015-16 Actual	2016-17 Budget	2016-17 Actual	2017-18 Budget	2017-18 Projected	2018-19 Budget	Increase (Decrease)
10-4100-41XX	Base Rate - General	\$7,055,650	\$7,094,212	\$7,336,867	\$7,285,380	\$7,492,502	\$7,491,262	\$7,717,130	\$224,628
10-4100-42XX	Commodity - General	19,181,608	19,480,266	20,160,997	21,547,545	24,171,621	24,745,946	25,303,905	1,132,284
10-4100-4235	Commodity - Badillo Grand	0	2,987,014	0	1,717,089	0	934,291	0	0
10-4100-425X	Pump Zone Charges	804,762	797,990	825,499	869,345	975,088	1,010,760	1,022,830	47,742
10-4100-439X	Drought Rate Surcharges	634,123	730,022	770,300	515,085	0	0	0	0
10-4100-43XX	Other Fees - General	538,500	527,674	549,911	546,368	546,501	563,100	568,940	22,439
10-4100-44XX	Base Rate - Recycled	209,414	220,908	230,683	225,092	238,551	246,107	253,269	14,718
10-4100-45XX	Commodity - Recycled	1,292,083	1,276,421	1,350,866	1,384,569	1,455,113	1,646,824	1,578,050	122,937
10-4100-46XX	Other Fees - Recycled	0	0	0	0	0	0	0	0
10-4400-4955	Tax Revenue - Standby Charges	825,000	820,221	825,000	815,290	825,000	825,000	825,000	0
	TOTAL	\$30,541,140	\$33,934,728	\$32,050,123	\$34,905,763	\$35,704,376	\$37,463,290	\$37,269,124	\$1,564,748

WALNUT VALLEY WATER DISTRICT
EXPENSES BY COST CATEGORY
FY 2018-19 BUDGET

Description	G/L Classification	2015-16 Budget	2015-16 Actual	2016-17 Budget	2016-17 Actual	2017-18 Budget	2017-18 Projected	2017-18 % Budget	2018-19 Budget	Increase (Decrease)
Wages & Benefits	See Personnel Schedule	\$8,616,404	\$8,072,430	\$8,772,439	\$8,532,133	\$9,012,927	\$8,253,327	92%	\$8,832,554	\$ (180,373)
Utilities	5400's	917,000	923,531	1,070,000	929,806	1,004,700	1,032,500	103%	1,054,700	50,000
Vehicle Expenses	5500's	166,000	136,179	160,125	129,667	141,900	136,400	96%	182,800	40,900
Human Resource Expenses	5600's	473,461	440,990	465,500	477,531	553,200	556,700	101%	641,200	88,000
Professional Development	5700's	164,672	110,063	151,588	117,982	162,543	125,054	77%	177,515	14,972
Safety	5800's	49,220	42,079	54,500	47,810	61,700	57,500	93%	62,200	500
Professional Services	6100's	518,243	430,021	468,758	356,858	525,499	453,561	86%	560,030	34,531
Insurance	6200's	162,000	163,277	173,000	174,558	177,500	184,300	104%	192,370	14,870
Outside Services	6300's	914,425	773,949	1,026,725	922,784	1,267,100	989,050	78%	1,281,320	14,220
Materials & Supplies	6400's	831,420	785,963	820,000	842,768	831,725	831,404	100%	928,525	96,800

WALNUT VALLEY WATER DISTRICT
EXPENSES BY COST CATEGORY
FY 2018-19 BUDGET

Description	G/L Classification	2015-16 Budget	2015-16 Actual	2016-17 Budget	2016-17 Actual	2017-18 Budget	2017-18 Projected	2017-18 % Budget	2018-19 Budget	Increase (Decrease)
Equipment Lease	6500's	16,278	14,581	16,350	13,016	12,150	13,250	109%	15,680	3,530
Other Agency Costs	6600's	182,950	53,415	64,675	103,042	105,250	98,550	94%	162,350	57,100
Collection Expense	6700's	10,500	32	10,500	3,649	10,500	3,681	35%	10,500	0
Miscellaneous	6800's	0	404	0	840	500	0	0%	0	(500)
TOTAL OPERATING		13,022,572	11,946,914	13,254,160	12,652,443	13,867,194	12,735,277	92%	14,101,744	234,550
Water Supply and Related	See Water Supply Schedule	15,514,316	18,524,385	16,125,642	19,224,468	18,845,757	20,705,660	110%	19,488,770	643,013
Long Term Debt		1,234,350	1,234,350	1,232,750	1,232,750	1,230,550	1,230,550	100%	1,234,500	3,950
TOTAL EXPENSES		\$ 29,771,238	\$ 31,705,649	\$ 30,612,552	\$ 33,109,661	\$ 33,943,501	\$ 34,671,487	102%	\$34,825,014	\$881,513

WALNUT VALLEY WATER DISTRICT
WATER SUPPLY (5100)
FY 2018-19 BUDGET DETAIL

Account Number	Description	2015-16 Budget	2015-16 Actual	2016-17 Budget	2016-17 Actual	2017-18 Budget	2017-18 Projected	2018-19 Budget	Increase (Decrease)
10-5100-5110	Water Supply - Purchased Water	\$12,906,617	\$17,630,116	\$13,051,503	\$17,909,817	\$17,191,125	\$18,708,324	\$16,658,900	(\$532,225)
	Purchased Water - LHCWD	383,410	123,507	209,310	317,986	0	0	0	0
	Purchased Water - CDWC	1,288,738	0	1,850,679	0	373,016	723,540	1,755,100	1,382,084
10-5100-5120	Water Supply - TVMWD Surcharges	(332,588)	(454,408)	(125,280)	(194,767)	36,040	49,900	(115,900)	(151,940)
10-5100-5125	Water Supply - TVMWD Connected Capacity Charges	64,006	64,006	62,731	62,731	60,586	60,586	61,400	814
10-5100-5130	Water Supply - TVMWD Equiv. Small Meter Charge	39,774	39,774	38,732	38,733	38,504	38,500	40,500	1,996
10-5100-5135	Water Supply - TVMWD Water Use Charges	84,112	83,033	81,608	79,547	78,682	78,700	82,100	3,418
10-5100-5140	Water Supply - PWR Surcharge	19,900	19,836	19,900	19,836	19,900	19,900	19,900	0
10-5100-5145	Water Supply - MWD Capacity Reserv. Charges	687,102	687,102	571,325	600,585	466,354	466,400	401,100	(65,254)

WALNUT VALLEY WATER DISTRICT
WATER SUPPLY (5100)
FY 2018-19 BUDGET DETAIL

Account Number	Description	2015-16 Budget	2015-16 Actual	2016-17 Budget	2016-17 Actual	2017-18 Budget	2017-18 Projected	2018-19 Budget	Increase (Decrease)
10-5100-5150	Water Supply - Purchased Water - LACSD	131,800	143,364	148,934	182,366	176,680	176,260	176,700	20
10-5100-5155	Water Supply - Purchased Water - WVWD	1,500	2,285	1,500	4,981	1,500	0	1,500	0
10-5100-5170	LACSD Capacity Charge	70,000	71,335	73,000	74,483	73,000	73,000	73,000	0
10-5100-6620	PWR Budget Assessment	28,000	35,128	28,000	36,896	206,736	186,900	183,550	(23,186)
10-5100-6625	Puente Basin Water Agency	128,550	79,307	100,000	77,597	111,750	111,750	139,020	27,270
10-5100-6630	Puente Basin Watermaster	13,395	0	13,700	13,677	11,884	11,900	11,900	16
	TOTAL	\$15,514,316	\$18,524,385	\$16,125,642	\$19,224,468	\$18,845,757	\$20,705,660	\$19,488,770	\$643,013

WALNUT VALLEY WATER DISTRICT
FY 2018-19 PERSONNEL BUDGET SUMMARY

Description	2013-14 Budget	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	Increase (Decrease)	% Increase (Decrease)
Wages	\$ 4,657,541	\$ 4,933,831	\$ 5,181,550	\$ 5,391,623	\$ 5,506,492	\$ 5,388,321	\$ (118,171)	-2.19%
Certification Pay	68,900	69,900	69,900	44,450	45,350	44,900	(450)	-1.01%
Medical & Other Insurance Premiums	1,055,945	1,148,247	1,155,520	1,162,572	1,175,513	1,174,445	(1,068)	-0.09%
PERS Employee	363,468	204,636	97,800	0	0	0	0	0.00%
PERS Employer	724,440	823,716	1,045,896	1,103,232	1,175,783	1,213,188	37,405	3.39%
Other	450,786	425,762	443,610	432,095	446,086	455,070	8,984	2.08%
Total Annual Benefits	2,663,539	2,672,261	2,812,726	2,742,349	2,842,732	2,887,603	44,871	1.64%
Employer Taxes & Insurance	522,265	587,774	622,128	638,467	663,703	556,630	(107,073)	-16.77%
Total Annual Benefits & Employer Costs	3,185,804	3,260,035	3,434,854	3,380,816	3,506,435	3,444,233	(62,202)	-1.84%
Total Annual Wages, Benefits & Employer Costs	\$ 7,843,345	\$ 8,193,866	\$ 8,616,404	\$ 8,772,439	\$ 9,012,927	\$ 8,832,554	\$ (180,373)	-2.06%

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: April 19, 2018
SUBJECT: Proposed Interim Reorganization

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Board of Directors approve the proposed Interim Organizational Chart.

Background

As you know, Mike Holmes the District's General Manager since 2006 retired April 5, 2018. My appointment as General Manager effective April 6, 2018, has resulted in a vacancy in the Assistant General Manager (AGM) position.

In keeping with past the District practice of evaluating the organizational chart at the time of vacancies, specifically for succession planning, staff has developed the proposed Interim Organization Chart for the remainder of fiscal year 2017- 2018.

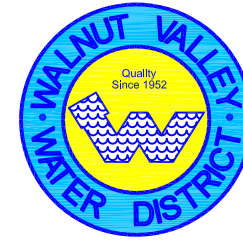
The proposed reorganization includes not only the Assistant General Manager position, but also incentive positions for a Director of Engineering and Director of Operations. The chart also includes a new vacant Management Analyst position as well as the existing vacant Engineering Technician I position (currently being recruited).

As can be seen from the chart, the total number of full time equivalent employees does not change from the current total. This will be accomplished by filling the AGM and Directors of Engineering and Operations positions with in-house candidates. Also, the Management Analyst position will replace a vacant position created by filling the previously mentioned positions internally.

Attached for you review is the proposed Interim Organizational Chart. Staff recommends that the Board of Directors approve the Interim Organizational Chart. If approved, we will begin an internal recruitment for the Assistant General Manager position, followed by filling the Directors of Engineering and Operations positions.



WALNUT VALLEY WATER DISTRICT ORGANIZATIONAL CHART FISCAL YEAR 2017 - 2018



INTERIM

LEGEND	
 Staff Positions	 Part-Time Positions
 Mid-Management Positions	 Vacant
 GEU Positions	 Positions Under Contract
 Incentive Position	 Confidential Positions

Number of Employees	
FY 2017-2018	Interim
Adopted Budget (06/19/17)	Proposed
56 full-time	56 full-time
1 part-time	1 part-time
56.5 Total Employees	56.5 Total Employees

Allen L. Wu Dir. Div. I	Edwin M. Hilden Dir. Div. II	Theresa Lee Dir. Div. III	Ted Ebenkamp Dir. Div. IV	Scarlett Kwong Dir. Div. V
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